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The Two Decades of Privatization in Polish Higher Education: Cost-Sharing, Equity, and Access

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Zusammenfassung: Die Einführung von Marktmechanismen in den öffentlichen Bereich und die Entstehung eines privaten Sektors werden im vorliegenden Beitrag als zwei Seiten der Privatisierung der Hochschulbildung untersucht. Diese Privatisierung wird dabei als eine spontane Bewegung verstanden, die vor allem vom Hochschulpersonal selbst in Gang gesetzt

wurde. Die Analyse dieser Bewegung betont dabei folgende Gesichtspunkte: Die Privatisierung findet vor dem Hintergrund einer Sparpolitik statt, die den öffentlichen Dienstleistungsbereich betrifft. Die interne Privatisierung des öffentlichen Bereiches kann daher als eine Reaktion auf dessen Unterfinanzierung in den Blick genommen werden. Die Privatisierung lässt sich zudem als Ausdruck einer *policy of non-policy* entschlüsseln, die zur Expansion sowohl des öffentlichen wie des privaten Sektors beiträgt. Herausgestellt werden dabei die Rolle der Studiengebühren in beiden Bereichen sowie die Effekte der Privatisierung hinsichtlich der professionellen Rollen des Hochschulpersonals.

Es wird zudem festgehalten, dass in Zeiten der Neujustierung der öffentlichen Dienste, wie sie in vielen europäischen Staaten und verstärkt in den Transitionswirtschaften Osteuropas stattfindet, die Bildungseinrichtungen die negativen Auswirkungen einer reduzierten öffentlichen Finanzierung ausgleichen müssen. Der Druck, die Bildungssysteme zu privatisieren, verweist dabei auf bedeutende globale wirtschaftliche und soziale Veränderungen. Der – nicht zuletzt durch die Globalisierung induzierte – Wunsch und Zwang, die öffentlichen Ausgaben stärker zu kontrollieren, legte die Privatisierung als Strategie zur Erzeugung effizienterer, flexiblerer und kostengünstigerer Bildungssysteme nahe. Überraschenderweise hat Polen nach dem Fall des Kommunismus 1989 damit einen Weg zur Expansion des Hochschulsystems gefunden. War die Privatisierung der

Hochschulbildung in seinen beiden Formen – der Entstehung neuer privater Hochschulen und der Privatisierung des öffentlichen Sektors – auch eine weitestgehend spontane Entwicklung, so steht heute erstmalig die Privatisierung der Hochschulbildung sehr hoch auf der politischen Agenda. Die neue Regierung diskutiert nicht nur die Einführung allgemeiner Studiengebühren und die direkte finanzielle Unterstützung des privaten Sektors, sondern auch eine radikale Reform der Finanzierung und Steuerung des Hochschulwesens sowie der Forschung und Entwicklung. Entsprechend schwer fällt heute jede Vorhersage für die Zukunft, insbesondere hinsichtlich der möglichen Auswirkungen dieser Reformen auf die Chancengleichheit im Bildungssystem.

* * *

The general theme of coping with financial austerity has been prominent in thinking about the future of (public) higher education over the last two decades. Such thinking is often accompanied by the related theme in the future of public services generally--that of privatization. The generally tight fiscal environment for public services, including higher education, has not relaxed and, in many countries, will predictably intensify into a "pervasive condition of austerity" (Johnstone 1998: 4) or an environment of "permanent austerity" (Pierson 2001). In European transition countries (including in new European Union member states) the solutions suggested to higher education systems increasingly include references to such notions as academic entrepreneurialism in teaching, research, and third mission activities, the need for academic institutions to become financially self-reliant; and cost-sharing in the form of introducing or increasing tuition fees accompanied by more student loans but fewer student scholarships, etc. (Kwiek 2006, 2007a, 2008a; Shattock 2005; Shattock/Temple 2006; Williams 2003). Other commonly proposed strategies include heavier workloads for academics, larger class sizes, and contracts for faculty instead of tenure.

Various European countries, and especially transition countries in the 1990s, have been experimenting with the privatization of various segments of the welfare state, including both cash benefits (such as old-age pensions) and benefits in kind (such as health care and higher education) (Barr 2004: 89-92). The traditional welfare state is "overburdened" today, operating under increasing financial pressures. As Nicolas Spulber stresses in *Redefining the State*:

“Whatever its form, a privatization program involves a broad redefinition of the role of the state and of its relations to the market and the society. Specifically, it aims at shifting the prevailing balance between the public sector and the private economy, by rolling back the state’s power and activities via public ownership and public services--but in practice its impact is far more widespread.” (1997: 148)

The crucial role in introducing privatization is played by wider political, economic, and legal contexts. Because of changing European demographics and the aging of European societies, the costs of both health care and pensions are not only very high but tend to be increasing as a percentage of GDP in almost all Western European Union countries (Pestieau 2006: 24). The total costs of university research are escalating, and the participation rates in higher education have never been higher than they are at present, although they seem to be stabilizing in a number of countries, Poland included. The competition for public funding generated from taxes has been growing. The current financial picture involves a higher inflow of private funds to research and development through technology transfer and corporate contracts, to higher education through student fees, to pension systems through multi-pillar solutions instead of pay-as-you-go arrangements, and to health care through semi-privatization and individual private insurance policies.

An interesting angle from which to view the future of higher education as a public service is from what D. Bruce Johnstone has called “diverging trajectories of costs and available revenues” (2007: 1). Viewed from this angle, higher education in several major European transition countries including Poland and Romania has consistently turned toward privatization, both what we call here external privatization of higher education (the new, booming private sector) and internal privatization of it (fee-paying courses offered in the nominally free public sector) (Kwiek 2007a). If privatization is viewed as a “process or tendency of universities taking on characteristics of, or operational norms associated with, private enterprises” (Johnstone 2007: 1), then the privatization of higher education is flourishing in several major European transition countries. In general terms, privatization is

“the transfer of activities, assets, and responsibilities from government/public institutions to private individuals and agencies. Education can be privatized if students enroll at private schools or if higher education is privately funded” (Belfield/Levin 2002: 19).

Poland provides examples of both types of privatization: private provision (in private sector) and private funding (in public and private sectors).

The emergence of powerful market mechanisms in public higher education and the emergence of the private sector in Poland can be viewed as the two different faces of the same process of the privatization of higher education. Polish higher education in general has traditionally been discussed as manifesting itself in two opposed modes: either public or private. The radical distinctiveness of the public sector from the private sector has been a constant point of reference in both research and policy analyses. But, surprisingly, both sectors can also be regarded as following the same road of privatization if the phenomenon is applied more broadly to higher education. As Daniel C. Levy stressed, “Institutions called private and public are not always behaviorally private and public, respectively” (1986: 15). Indeed, this description fits Polish higher education well.

The “Policy of Non-Policy” – Market Forces, and the Competition

What are the current results of privatization processes in higher education? Has privatization been beneficial--and if yes, to which segments of society? What would have happened to equity and access to higher education without ongoing privatization developments? Privatization in the broad sense of the term is closely related to equity and access. Why, in Poland, in contrast to most other Central and Eastern European and Central Asian transition countries, did the post-Communist transformation period (1989-2007) result in a significant decrease in inequality of access to higher education? (For a more detailed discussion, see Kwiek 2008a) For example, the participation rate of disadvantaged students, especially from rural communities,¹ who constituted only 2% of the total enrollment in 1990 had risen to 10% in 2002 with a further jump to 20% in 2005. Total enrollment rose from 400,000 in 1990 to almost 2 million in 2007 (Dabrowa-Szeffler/Jablecka-Pryslopska 2006; OECD 2006; Youth 2005).

The crucial cause of this educational success, we shall argue below, was privatization, broadly viewed, as market forces, academic entrepreneurialism (mostly teaching-related), and the competition introduced to the Polish educational arena in 1990. Along with the enormous competition for free (tax-paid) places at public universities, the decade of the 1990s saw new, private universities, most of them initially offering only

¹ The education differentiation between rural and urban communities is much higher in Poland than in Western Europe. Poland has the highest rate of its population employed in agriculture among the EU-27--18% in 2004 (UNDP 2007: 91).

baccalaureate degrees, and fee-paying places available at public universities for part-time students. The demand for higher education increased dramatically; by the turn of the 21st century, they increasingly came from disadvantaged social backgrounds. The widening of access and growing equity were accompanied by fee-paying mechanisms.

Surprisingly, a parallel phenomenon did not occur in other European transition countries, or its scope was substantially smaller. Poland also witnessed exceptionally high returns from higher education – about 160% of the average earnings in 1998-2004 (OECD 2005: 130) and relatively small unemployment rates among its higher education graduates. However, this increase in access came with significant costs. Quality control was lacking in both public and private sectors, problems in financing the public sector became pressing (O'Brien/Paczynski 2006: 18; OECD 2006: 105), and conflict grew between quantitative development/expansion of the system and quality standards, especially in the mid-1990s (OECD 2006: 14).

The key factor determining a substantial increase in equitable access to higher education documented above for the 2000s was the liberal attitude of the state and its agencies toward the emergent private sector back in the 1990s. The dramatic growth, followed by consolidation, of that sector was substantial owing to this “policy of non-policy.” As Belfield and Levin put it in general terms, “The first factor to explain privatization in education is simple: many parents want it” (2002: 29). Indeed, Polish students (and their parents), for a variety of reasons, wanted higher education. The result was phenomenal numerical growth in the private sector: 500 students in 1991, 70,400 in 1995; 445,400 in 2000, 621,000 in 2005, and 660,000 in 2007.

Case studies from other transition countries show a more usual pattern of strict regulations, underscoring Poland's exceptionality in terms of its liberal atmosphere in allowing increased access to higher education. Also enabling this expansion was the exceptional differentiation of the system which is also rare in most transition countries where elite institutions seemed to have prevailed. In contrast, a two-tier degree system, new modes of studies, and a large private, mostly vocational education sector have flourished in Poland. Fostering this growth were equally liberal approaches to quality assurance mechanisms, licensing, and accreditation that encouraged the nascent private sector during its first decade of its operation (1990s). Growing social legitimacy and public recognition of private higher education was another factor.

Another significant factor was related to privatization as broadly defined: liberal educational policies that allowed the immediate introduction of large-scale fee-paying programs and cost-recovery mechanisms in the underfunded public sector right after the collapse of communism in 1989. The state provided limited guidance through an “enabling framework” only (Steier 2003; World Bank 2002: 83), a factor that definitely contributed to the 400% increase in the number of students in the public sector between 1990 and 2007.

The structural reform of all levels of education, which began in 1997, played a crucial role in strengthening the trend toward more equitable access. The equity success story can be measured by the increase in the number of students with low socioeconomic backgrounds. Between 2002 and 2005, the share of students in higher education whose mothers had only primary education increased from 7% to 18%, while those whose mothers had secondary vocational education increased from 13% to 23%. For students whose mothers had postsecondary and higher education, the increase, quite expectedly, was marginal (from 53% to 55%) (Youth 2005: 86).

The chronic underfunding of public higher education in transition economies, Poland included, has meant permanently seeking temporary solutions. Some of these market-oriented solutions, represented in national policies and legislation, include cost-sharing in the public sector for fee-paying, part-time students, a full-cost recovery model in the private sector, and official encouragement to expand the accredited private sector, albeit without state subsidies. At the same time that education costs are increasingly shared between governments and students/parents, several transition countries, including Poland, have successfully experimented with student loans.

The expansion of educational systems in transition countries in the last two decades has been accompanied by financial austerity, the emergence of market mechanisms in the public sector (previously immune to market forces), and the arrival of private providers on the education market. In a globally unique way, higher education systems in postcommunist transition countries like Poland needed deep (mostly institutional and structural) changes, accompanied by liberal government policies, and implemented quickly to accommodate segments of the increasingly diverse student body who had previously (before 1989) been underrepresented in higher education. As Levy noted, “Central and Eastern Europe [lies] at the extreme for the global generalization that private higher education emergence has been sudden, shocking, and unplanned.” (2007: 280) In expanding sys-

tems, though, the costs of education have increasingly been shifted from governments to students and parents, leading to sharp national debates on fees, equity, and efficiency.

The expansion of the Polish system was made possible by its growing external and internal privatization, dual phenomena that opened higher education to market forces. In Poland, two alternative strategies to meet growing demand for higher education were used, both implicitly (rather than explicitly) supported by the state: (a) the emergence of privately owned, teaching-focused, fee-dependent institutions, and (b) the internal privatization of public sector institutions which allowed them to supplement state subsidies by charging fees to (part-time only) students. The state encouraged both forms of cost-sharing in both sectors. The growing demand was absorbed by both private institutions (called “non-state” institutions in Poland) and weekend-mode studies in the public sector, and both forms of privatization were – to a large extent – driven by academic staff members. Hundreds of thousands of students gained access to higher education, which for the first time began to differentiate sharply by institutional type. Along with elite public universities appeared private institutions that had the ability to absorb the demand from new, differentiated student populations. Although public sector institutions continued their previous policy of being nominally free, they began offering fee-based weekend studies, open to those who had not been able to obtain a full-time slot. The expansion of the system through this dual form of privatization has fundamentally changed access to higher education in Poland. It is an undeniable access “success story” and also, to a smaller degree, an equity “success story.”

Two Decades of Growth in the Polish Private Sector

The growth of the private sector in Poland has not been an isolated educational phenomenon. There is a powerful global trend of growing enrollments in the private sector. For the most part, European Union countries play a marginal role, although exceptions include Poland, Romania, or Portugal. Speaking of the growth of the private sector generally, Daniel C. Levy notes that the 20th-century norm and persisting public norm is state funding of public universities and, overwhelmingly, private sources of funding for private institutions. State subsidies for private institutions are rare; and the usually cited examples of India, Belgium, the Netherlands, and the Swedish “foundation universities” may call into question their claims to be private (2006: 10). There are almost no significant pri-

vate sectors in major European higher education systems – in Germany, France, the United Kingdom and Italy (on the private sector in Europe, see especially Slantcheva/Levy 2007; Wells/Sadlak/Vlasceanu 2007). In the European transition countries and some post-Soviet republics, where the most rapid growth took place after 1989, up to 30% of enrollments are in the private sector.

As Levy puts it, “Where public budgets do not meet the still rapidly growing demand for higher education, students pay for alternatives” (2002: 4). This trend is clearly the pattern in several transition countries. In most of them, both public and private higher education enrollments in general, and the share of the private sector in overall enrollments in particular, have changed dramatically in the last 15 years. While Western Europe has not generally witnessed the emergence (or substantial strengthening) of the private sector in higher education, the private sector has emerged in several post-Communist transition countries as a tough competitor to the traditional, elitist, faculty-centered, and inaccessible public sector. The differences between the transition countries are significant. In Croatia and the Slovak Republic, private institutions enroll as little as 3.0 to 4.6% of their higher education cohort. Bulgaria, Hungary, and Russia have enrollments of about 15% (Slantcheva/Levy 2007: 3). In Estonia, Poland, and Romania, private institutions enroll almost one third of all students. The growth of Poland’s private sector went from almost zero in 1990 to 660,000 in 2007, and from almost zero to a 34% share in enrollments in 2007. By 2006, private higher education institutions in Poland numbered 324 (GUS 2007: 19).

The gross enrollment rate in Poland increased in the same period from less than 10% to almost 37%. The number of graduates in both sectors in 2007 (almost 400,000) was equal to the number of all students in 1990. Such an expansion of Polish higher education would not have been possible without the growth of the private sector and the parallel growth of part-time forms of education in both public and private sectors. In 2006, for the first time, part-time students (51%) outnumbered full-time students (49%, and in 2007 was 51,5% to 48,5%).

Such a balance remains unprecedented in both OECD and EU countries and raises serious concerns about both the quality of teaching and the areas of studies being offered. Often they do not accurately reflect labor market needs, a problem that increases the mismatch between the supply of graduates and demand for them from the labor market. A recent OECD (2006: 106) economic survey of Poland found that many of these private

institutions have been offering poorly taught and low-quality degrees in “popular and cheap-to-run” fields of studies.

The Response of the Public Sector to Financial Austerity

The public sector in Polish higher education already in the 1990s found its own way to cope with permanent financial austerity by offering fee-paid, weekend, part-time programs. Part-time studies were known before 1989, but they were limited in their offerings, access was restricted to working adults, and no fees were paid. However, from the mid-1990s on, a majority of these “irregular” students are in the 19-24-year-old cohort but are unable to obtain state-subsidized places as full-time students who, according to Article 70 of the Polish Constitution, are not charged tuition fees. The fees of these “weekend” students have correspondingly become increasingly important to the universities. Without this arrangement, the public sector of Polish higher education would have found it enormously difficult to survive economically. Educational expansion would have been left entirely to the growing private sector, which in turn would not have been able to meet the unexpectedly high student demand. During the past decade, the share of state subsidies in public institutions’ budgets has decreased from 90.6% to 83% for medical universities, from 71.4% to 66.2% for traditional comprehensive universities, and from 56.3% to 51.6% for universities of economics.² According to calculations performed for this chapter, the only exception is technical universities for which the share has remained about 80% (GUS 1998-2007). From the very beginning, the most important dimension of internal privatization for academics and the university was financial: the critical need for additional revenues.

Public institutions in the first half of 1990s met this need by enrolling two types of students: (a) part-time fee-payers who were academically weaker, and (b) full-time, fully funded students who had been granted their places on the basis of their strong academic performance. The trend also included two sorts of curricula (academically less demanding for the part-time students) and two different teaching times: weekdays for the full-time

² Poland inherits from its communist past a highly differentiated structure of its public higher education which includes traditional, elite universities, as well as universities of technology, universities of economics, universities of agriculture, universities of medicine, universities of fine arts etc. Traditional universities do not include the above fields of training and research.

students and weekends for the part-timers (in this general picture, the role of evening classes was marginal).

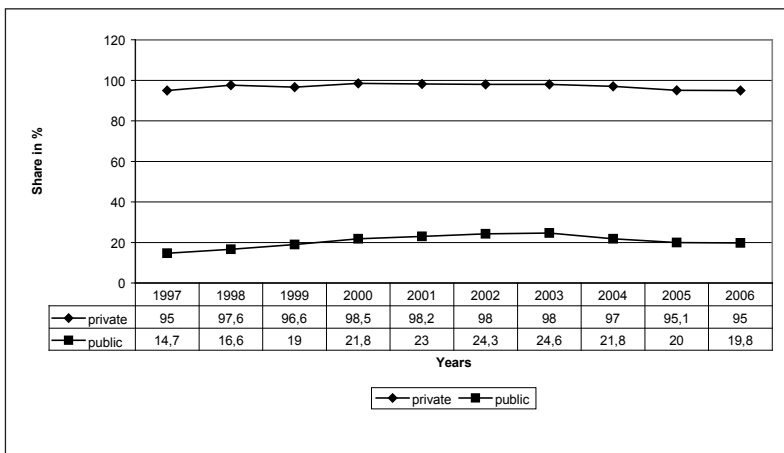
From the perspective of equity, particularly in fields that have traditionally led to the best-paid jobs (e.g., law, economics, and finances), students with high cultural capital and (usually) middle-class backgrounds were non-fee-paying full-time students. Those with disadvantaged social backgrounds most frequently studied as fee-paying, part-time students. Under communism, this group was usually cut off from highly elitist higher education despite various forms of state preferential treatment. While the increased availability of higher education has opened the system to new segments of society, in general they have been in the two academically weaker forms of studies: (a) those offered in the private sector, and (b) those offered for fee-paying weekend students in the public sector. Privatization generally has not substantially transformed the social composition of the full-time students in elite public universities even though the field of higher education as a whole has been transformed by this recent expansion. The socio-economically weaker groups are substantially more present in public universities but especially in part-time studies.

The expansion of both the private sector and of the public sector in its part-time weekend mode meant in practice an entirely new composition of the student body in higher education in general, though: the traditionally closed and elite system was opened up (via privatization) to new segments of society. Under communism, Poland, a country of 35-40 million, had a form of higher education that was restricted and elite. The expansion of the public higher education sector between 1990 and 2007 raised the number of seats from 400,000 in 1990 to 1.3 million 2006 (an increase of 225%), the number of the academically most valuable seats (for full-time, fully funded students) has increased by 165% (from about 300,000 to about 800,000). In top Polish universities such as Warsaw University, Jagiellonian University in Krakow, and Poznan University, the number of full-time students, especially master's candidates, has increased by less than 100%. In short, the top research universities (in their full-time mode of teaching) still represent enclaves of restriction and privilege that counter the larger national picture. The widely criticized deterioration in teaching quality generally affected part-time fee-paying weekend students.

Tuition Fees: Public and Private Sectors

Tuition fees have played a critical role in the expansion of both private and public sectors in Polish higher education. In 2006, funds collected through fees in both sectors reached 4,221 million PLN (1,206 million euros; 1 euro = 3.5 PLN as of February 2008). Private institutions collected only 50.5% of the national share (2,132 million PLN, or 609 million euros). Thus, in actual practice, almost half of all fees paid for higher education in Poland went to the public sector, which is nominally “free” (tax-based). This striking aspect of the financial consequences of privatizing the public sector has not received adequate attention in current research. Although the booming private sector garners a third (34% in 2007) of the enrollments, almost half of the revenues from fees go to the public sector. In competition with the private sector, the public sector’s enrollment share is strong, but in financial terms the public sector is *very* strong. In 1997, income from fees (as a share of total institutional income) in the public sector stood at about 15%, rose to almost 25% in 2003, and has declined steadily every year since then until it reached 19.8% in 2006. (See Figure 1.)

Figure 1: Proportion of income from fees in the structure of income, by type of institution (public/private), 1997-2006, in percentages (100 percent – total income of a given institution type)



Source: GUS (1998-2007), personal calculations

The income from fees is not divided evenly among public sector institutions. The largest share (45%) in 2006 went to traditional universities (947 million PLN, or 271 million euros), trailed at almost three times less by technical universities (16%) or a total of 335 million PLN (96 million euros). Universities of economics receive four times less than universities (10%) or a total of 215 million PLN (61 million euros). While it is popularly assumed in Poland that the greatest share of fees in the public sector goes to public universities of economics, in fact it is traditional public universities that take the largest share, 45% and 271 million euros in 2006.

In the private sector, private academies of economics take almost 50% of all fees and more than all public traditional universities (1,105 million PLN or 316 million euros). (See Table 1.)

Table 1. Proportion of total income from student fees in Poland, by type of institution (private/public), and by type of public institutions (1997-2006), in percent (private and public = 100%)

Years	Private	Public (total)	Public Institutions			
			Universities	Technical	Economics	Medical
1997	38.4	61.6	25.7	11.9	8	2.3
1998	45.6	54.4	22.2	11.1	7	2.3
1999	48.9	51.1	21.7	10.7	6.4	2.3
2000	51.4	48.6	21.2	10.0	5.6	1.9
2001	51.0	49.0	21.8	9.8	6	2.1
2002	49.7	50.3	21.7	10.2	6.1	2.5
2003	49.2	50.8	22.4	9.4	5.7	2.7
2004	49.3	50.7	22.6	8.9	5.6	2.9
2005	48.7	51.3	23.5	8.4	5.5	3.1
2006	50.5	49.5	22.4	7.9	5.1	3.7

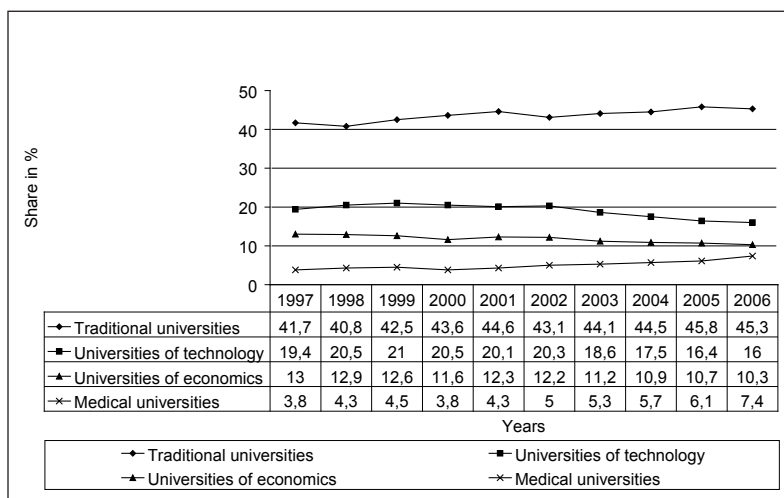
Source: GUS (1998-2007), personal calculations.

In the decade between 1997 and 2006, the share of the total income from fees in Poland steadily increased for the private sector, from 38.4% in 1997 to 50.5% in 2006. It was only in 2006 – that is, 16 years after the emergence of the private sector in Poland – that the share of the total income from fees for the private sector was bigger than 50 percent. Simultaneously, the share collected by public institutions of total fees decreased steadily, from 61.6% in 1997 to 49.5% in 2006. In financial terms, the fee-paying, part-time mode of the public sector steadily lost market share against the private sector (fully fee-based and financially self-reliant). While the drop in funding from fees was radical for technical universities and universities of economics, the drop was significantly smaller for the

public universities. Between 1997 and 2006, traditional public universities were collecting 22-25% of all fees charged in Poland.

Tuition fees are the almost only source of income in the fee-based private sector (95% in 2006), since it is not currently eligible for state subsidies. In contrast, revenue in the public sector comes from state subsidies, local government subsidies, tuition fees (from part-time students), and other sources. In the last decade, traditional public universities were collecting the largest share of all income from fees charged exclusively by the public sector (40-46%) – leaving aside the private sector's share. In contrast, technical universities were collecting 16-20% and universities of economics 10-13% of all fees charged by the public sector. The trend for traditional universities in that period was upward, while the trend for both technical universities and universities of economics was generally downward. (See Figure 2.)

Figure 2: Share of income from fees collected in the public sector, by type of public institution, in percentages (1997-2006)



Source: GUS (1998-2007), personal calculations.

Two Decades of Coping with Financial Austerity: Academic Survival Strategies in the Public Sector

Polish public higher education is a good example of a system in which, most probably, most obvious forms of cost-side solutions to the problem of financial austerity are not effective. It has already attempted several stan-

dard measures during 1989-2007 (Johnstone/Marcucci 2007: 11). These measures include salary freezes during the highly inflationary economy of the 1990s, the limitation of expenditures on books, equipment, and generally on all non-salary items, the elimination of other items, and cut-backs on maintenance and repairs. In a rapidly expanding system, faculty numbers did not increase at a corresponding rate. To keep per-student costs of instruction low, class sizes increased, especially for part-time students.

However, Poland differed from most developing countries by not substituting lower-cost junior or part-time faculty for higher-cost senior faculty, not increasing teaching loads from a relatively moderate levels (180-210 hours per year in the traditional university sector), and not differentiating faculty workloads (i.e., expecting more teaching from some categories of faculty).

Such measures, taken during the past (almost) two decades of expansion in enrollments and diversification in academic programs but without additional public funding, has resulted in the situation that Johnstone and Marcucci describe as having “arguably taken most if not all of the ‘low hanging fruit’ of obvious waste and budget cuts” (2007: 14). What now remains are more fundamental and systemic changes, especially further sector differentiation. While cost-side solutions cannot bridge the growing gap between higher education costs and available public revenues, revenue-side solutions offer more possibilities to complement governmental funds with non-governmental funds, including cost-sharing or the introduction of fees for all students and academic entrepreneurialism (Shattock 2003; Kwiek 2008b). Both funding strategies are new to the Polish public sector, and both will upset its relative stability despite the existing environment of austerity.

In most transition countries (as especially in Anglo-Saxon types of welfare states), higher education is generally seen as able to generate much of its additional income through entrepreneurship or cost-sharing. In this perception, higher education differs from health care and pensions sectors. Top research-intensive universities, in particular, are assumed to have such capabilities. Along with efforts to introduce market mechanisms in pension systems (multi-pillar schemes instead of pay-as-you-go ones) and health care systems (privatized systems based on additional, private, individual insurance policies), especially but not exclusively in European transition economies, the most far-reaching consequences of this marketization/privatization trend can be expected for public funding for higher education and research. As William Zumeta stressed recently, “Unlike

most of the other state budget components, higher education has other substantial sources of funds that policy-makers feel can be tapped if institutions need to cope with deep budget cuts” (2005: 85).

Where Poland is concerned, the role of fees in institutional budgets in public institutions is already substantial. Furthermore, the more successful public entrepreneurial universities are today, the more likely they are to be encouraged to follow this direction in the future.

An additional element of privatization in general, peculiar to many Central and East European economies, Poland included, is the legal and practical option for university professors to hold multiple academic positions, both in the public sector and in the private sector. This factor has reinforced the rapid rate of expansion in the higher education system. From the perspective of Polish academic faculty, the dual forms of privatization in Polish higher education, in both of which they could be involved simultaneously, made it possible to increase their earning power within the academic profession for about 15 years (Kwiek 2003; Chmielecka 2006). However, in 2005, a new law on higher education severely restricted holding multiple positions.

During the Communist regime of 1945-1989, higher education was strictly regulated and access to it was severely limited. Given the tremendous demand for access that followed, Poland encouraged growth in the private sector and the development of fee-paying tracks in its public sector. In times of harsh financial stress when other priorities were claiming the agenda, higher education, especially in 1990s, was able to expand without governmental interference and without increasing per-student governmental expenditures. The state was neither willing to nor capable of subsidizing the emergent private sector.

In Poland, the first forms of (indirect) subsidization appeared with the loan schemes for which private sector students became eligible in 1999 and with the reform of research funding under which private sector institutions became eligible for research grants in 2004. Currently (2008) the Polish government is discussing subsidizing teaching in the private sector directly, based on the proportion of the average per-student costs in the public sector. The current government is also discussing the possibilities of introducing the most financially important form of cost-sharing: tuition fees throughout the whole public sector, accompanied by large-scale loan schemes. The chances for introducing fees for full-time students before next parliamentary elections scheduled for the fall of 2011 are minimal, however, as such a provision would require amending the Polish Cons-

tution, and the current government lacks the strength in parliament to achieve such a goal.

Conclusion

As various public services in general are being reformulated throughout Europe, and especially in transition economies, educational institutions and systems must be able to deal with the negative financial impact on public funding for higher education. As Paul Pierson stressed,

“While reform agendas vary quite substantially across regime types, all of them place a priority on cost containment. This shared emphasis reflects the onset of permanent austerity... The control of public expenditure is a central, if not dominant consideration” (2001: 456).

Pressures to privatize education systems—apart from push-and-pull factors—include also global economic and social change. Globalization “has both pressed and encouraged governments to seek more efficient, more flexible, and less expensive education systems. Privatization may be one response to these changes” (Belfield/Levin, 2002: 32). Surprisingly, Poland found its own way, following the collapse of communism in 1989, to expand its higher education system through privatization. The dual form that such privatization took (the creation of a private sector and privatization in the public sector through week-end, fee-paying studies) was a spontaneous movement, led mostly by academics. It was only mildly encouraged – but perhaps most significantly, was not hampered – by the state’s “policy of non-policy.”

However, 19 years after the collapse of communism, the current government is pondering the introduction of fees for all students in the public sector, direct subsidies for the private sector, and the radical reform of both financing and governance of higher education and research and development. It is hard to predict the future of these developments today, but for the first time the future of privatization of higher education is very high on the government’s agenda. The implications of these measures for equitable access remain, however, to be seen.

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